

## **Kansas Governor Kathleen Sebelius' Testimony to the House Appropriations Committee, Agriculture Subcommittee**

Wednesday, June 27, 2007

Chairwoman DeLauro, Ranking Member Kingston, and members of the committee, I appreciate the chance to visit with you today regarding the challenges facing rural communities and the opportunities we have to help these communities become prosperous once again.

As you likely know, Kansas is traditionally thought of a rural state, even though most of our residents now live in cities and towns. But we have a strong connection to our rural heritage, one that we're proud of.

Today, rural communities in Kansas, like others around the country, face a number of challenges that threaten their long-term prosperity, and in some instances their very survival. While the tornado which destroyed Greensburg, a community in Kiowa County, Kansas, in the heartland of America, highlighted a number of serious challenges, many small rural communities share these same challenges, and the gradual decline of small American communities often share these dynamics.

These challenges are most often thought of as being economic ones – a lack of job opportunities and a lack of skilled workers because current employees are retiring and young people are moving away. As such, the responses from the federal government and most state governments have been economic ones – grants designed to spur job creation or training programs and incentives to recruit workers.

But I would submit to you that the problems in rural America go much deeper than this, and are not solely economic. To solve these problems, we must engage all four corners of what we in Kansas have started to call the “public square” – business, government, schools and health providers – as well as other aspects of these communities, including churches and community groups.

I said these challenges are not solely economic, and they aren't. First and foremost, rural communities have lost their ability to constructively call their citizens to a common table to discuss their future.

They have lost this ability because of out-migration of their populations, because individuals have become entrenched in their own corner of the public square to the omission of the other three corners or because they have lost the skills necessary for productive and progressive communication.

They've lost this ability to engage the citizenry because the discussion usually starts with limited human and financial resources and in many cases their only source of community information is the various coffee shop conversations that are either uninformed or misinformed, and most often profoundly negative.

The small community newspapers – which 40-50 years ago served as a “conscience of the community” – are no longer serving that purpose and in many cases have disappeared altogether. So-called “local” TV broadcasts originate from hundreds of miles away, and supposedly “local” radio stations are increasingly owned by nationwide conglomerates that pipe in programming from the other side of the country.

To overcome these challenges we must have a new approach to rural development, one that starts by giving communities the tools to come together to make decisions, to build leadership capacity and set a new course for the future, and then provides the direct assistance that is the cornerstone of the current system.

To really make a difference, rural development must start with leadership development, strategic planning and communication. Unfortunately, to my knowledge there are not many government programs that address those three vital factors.

Instead, we insert programs and grants – one at a time – without the benefit of a strategic plan that was created by the community as a whole. Those programs and grants have accomplished some good, but they have not addressed the core issues.

Government-delivered rural development programs have been measured as a “success” by the number of jobs they create, the miles of water and sewer lines they build, the new businesses that are opened on Main Street, the streets that are repaved and so on.

We have become so focused on those types of metrics and accountability that we seem to be unable to consider investments in the less measurable, but more important, skill development education programs. To put it bluntly, the skills that have been developed in the last 20 years are grant writing and promulgation of rules and regulations.

If we invest in leadership development, strategic planning and communications then we probably don’t need new programs and grants because the current programs and grants will be used more effectively and efficiently.

We’re doing this in Kansas, most visibly in the town of Greensburg, which was devastated by a tornado in May.

On May 4, 2007, Greensburg, Kansas was a town of 1,398 and the county seat of Kiowa County. Its 435 families sent their kids to the local school for kindergarten through eighth grade, and then to Greensburg High School after that.

The community was home to approximately 60 businesses. The county hospital, local mental health center, school district and city government employed nearly one-quarter of the population, though it was only a year ago that the city hired its first city administrator.

The median age of the community was 46 years old – 11 years older than the state median age – and the median income for a household was about \$28,000, which is \$12,000 less than the state average.

That evening, a tornado almost two miles wide tore through the city. More than 90 percent of the homes and businesses in Greensburg were destroyed or damaged. Twelve people in Greensburg and the surrounding county were killed. Insured property damage is already estimated to exceed \$150 million, with uninsured losses adding to that total.

The people of Greensburg face enormous challenges – rebuilding not just their homes and businesses, but the very infrastructure of the city. Efforts to clear the debris and restore power are still underway, for example, and many basic services are still unavailable.

These challenges go above and beyond what are faced by the average rural community, but some of the challenges Greensburg faces were present prior to the tornado – a lack of communication, demographic shifts, a need for skilled leadership that could bring the community together.

The rebuilding of Greensburg demands that these challenges be immediately addressed, just as the problems of getting homes and buildings rebuilt are addressed. And through what we call the Public Square Process, Greensburg is coming together to determine its shared goals and objectives, to identify and develop leaders who in most instances were already present in the community and to open up new lines of communication.

Terry Woodbury developed this process and is leading this effort, and if he wasn't in such demand in Greensburg I would have brought him here today so he could tell you about the Public Square Process himself.

At its core, the Public Square Process brings together the main elements of a community – business owners, government officials, local schools and health care providers – to identify sector leaders who can then help guide the community toward a common vision. Public meetings and discussions are crucial, as is good communication beyond the latest complaints and conspiracy theories that originate at the coffee shop.

These leaders have their skills honed and developed and have the opportunity to set out a strategic plan for the community, one that is used to guide the more traditional development efforts.

The Public Square Process allows the community to define itself and its priorities without overly burdensome criteria and imposing expectations. That's why it's so innovative and so different from other rural development programs which use financial assistance programs to band-aid the symptoms of decline instead of fixing what contributes to the decline.

I fully support this process, which is why we're undertaking capacity building with other Kansas communities that want to participate in the Public Square Process or in other leadership and strategic planning efforts. We've been fortunate to have the Kansas Health Foundation lead this effort, creating a public/private/nonprofit partnership with Kansas communities.

As Greensburg seeks to rebuild its infrastructure, we can't forget about the need to rebuild its lines of communications. The Public Square Process is rebuilding the belief in the need for

better communication, but the physical infrastructure needed to communicate is also in need of restoration.

In the wake of the storm a text-messaging network has developed giving residents access to accurate, near real-time information. This is only a temporary solution, however.

While most efforts to expand Internet access have rightly focused on schools, if we are going to give rural residents the ability to communicate with each other in the absence of traditional media outlets, we must spread the Internet throughout the community. Giving access to residents, businesses, churches and community groups allows rural communities to restart the two-way dialogue that has been missing for so many years. This is an area where the federal government can help.

In addition to the Public Square Process, communities frankly need assistance wading through the alphabet soup of programs and initiatives designed to help them. In Kansas we've created an Office of Rural Opportunity and one of its missions will be to help communities wade through the morass of programs and sequence them into a strategic plan to maximize the resources back to the community. Again, we see the importance of following a plan rather than just applying for grants as they come along.

Finally, we've also undertaken a pilot project that uses community development block grant funds, but allows communities to use sweat equity as a substitute for the cash match. These communities can then build community centers, water lines and fire stations, and make other key infrastructure improvements even if they don't have the available cash to match the grant.

Unfortunately, the federal rules preclude many communities from participating because they aren't eligible economically, or the projects they want to take on aren't eligible. That's why we've made our state program more flexible so that it doesn't penalize a community for not meeting the Low-to-Moderate income threshold.

Even with this flexibility, however, current federal programs put rural communities at a serious disadvantage. Unlike cities, small communities usually don't have the infrastructure needed to develop winning grant proposals, let alone professional staff needed to monitor money and keep projects on track.

We've run into this problem in Greensburg where the U.S. Department of Labor says financial assistance is available for the city, but that assistance can't be used to hire the public administrators needed to make sure it is properly utilized. This Catch-22 prevents Greensburg from getting the help it deserves, and it prevents the federal government's investments from being used efficiently and effectively.

But grants to government aren't the only way we can get rural America moving again. We've seen the success of micro-loans in other countries – it's time to bring that success home by giving entrepreneurs the start-up support they need to bring new businesses to rural communities.

These loans need to be flexible, because life in rural America is often tenuous. There may need to be an allowance for “character” references, rather than just a reliance on someone’s track record. But the opportunity to create off-farm jobs, to allow people to supplement their income and bring new businesses to small towns is too great for us to pass up.

These small businesses are the sort that could grow into larger ones, providing the jobs and opportunities needed to help keep young people in town. The creation of Rural Opportunity Zones, with tax credits specifically for creation of jobs in rural communities, is an idea I’ve proposed in Kansas and it is one we should look at for the nation.

Another area of concern in Greensburg, as it is in every other rural community, is access to education and health care. Schools are symbols of our hope for the future, and without them, rural communities essentially have no future. That’s why Greensburg’s superintendent has made opening schools in August their top – and essentially – only priority.

Just like the closing of a school effectively causes the death of a town, so too does the closure of rural hospitals and clinics. These health providers are vital lifelines for local residents, many of whom are elderly, and without them, rural communities face greatly diminished long-term chances for survival. Rural providers must be given proper reimbursements for caring for low-income and elderly residents under Medicaid and Medicare, and we also must begin to address the health care crisis which costs more and more families their health insurance every day.

Before I close, I do want to address one significant problem that is unique to Greensburg. Many of the destroyed buildings were many decades old – built to meet old needs and to follow old building codes and ideas about energy efficiency. We want to create a new Greensburg, one that meets the needs and standards of the 21<sup>st</sup> century, but current FEMA rules stand in the way.

For example, the school district wants to replace its 80-year-old school with a smaller, more energy efficient building. It doesn’t need as much room as it had previously and it definitely doesn’t want to spend the money it took to heat and cool the old building.

Current FEMA rules make it difficult for the school to move forward by creating a facility that meets its current needs, rather than one that simply replaces its old building. This problem is not limited to Greensburg. I know from conversations with Senator Landrieu and Governor Blanco that New Orleans and other Gulf communities are facing the same restrictions as they seek to rebuild.

We must allow communities the flexibility to rebuild what makes sense for that community now – not what made sense 50 years ago. So, in addition to asking you to take a new approach to rural development, I ask you to make changes to FEMA rules so that communities can rebuild what can be, not what once was.

The Greensburg tornado unmasked systemic problems and challenges that are present in virtually every rural community. These problems are insidious, and they often don’t reveal themselves until a disaster comes and wipes away the existing structures. But while these problems may not destroy a town as quickly as a tornado – or attract as much attention – they have a similar effect.

These slow-moving disasters rob rural communities of their ability to plan and act for the future, and ultimately looking to the future is what we must do in order to help these communities reverse their slow decline and begin a new climb to prosperity. We must first give the communities the knowledge and tools they need to come together and set their own course, and then we must ensure they have the skilled leadership needed to keep the community united on that course.

We must move away from a system that encourages the development of grant-writing skills, rather than leadership skills. We must move away from the idea that community conversations can't happen these days, and toward the notion that not only can they happen, but they must happen if we are to have any chance of being successful.

This Congress has an opportunity to change the way the federal government interacts with rural communities, as well as the way rural American addresses its challenges. I encourage you to seize this opportunity.

Thank you for the chance to speak with you today, and I look forward to working with you to create a brighter future for rural America.